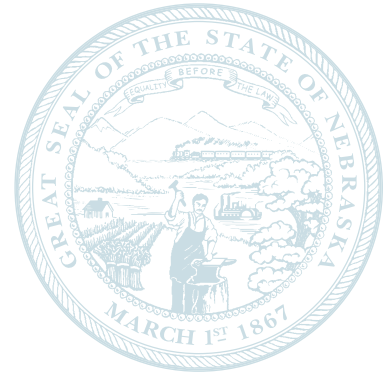


NEBRASKA

Good Life. Great Connections.

DEPARTMENT OF LABOR



Pete Ricketts, Governor

December 31, 2016
Pete Ricketts, Governor
State of Nebraska
State Capitol NW Corner
Lincoln, Nebraska 68509-4848

Pursuant to Neb. Rev. Stat. §48-606, the Commissioner of Labor is required to submit an annual report to the Governor on or before December 31 of each year concerning the administration and operation of the Nebraska Employment Security Law for the previous fiscal year. I am pleased to provide you with the Unemployment Insurance Program Annual Report for Fiscal Year 2016, as administered by the Nebraska Department of Labor under the Nebraska Employment Security Law. This report covers the period of October 1, 2015 to September 30, 2016.

The Unemployment Trust Fund has improved, while unemployment insurance benefit payments, including regular and reimbursable, have decreased to \$79,175,982. As a result, in 2017 there will be a reduction in Nebraska's Unemployment Insurance tax rates from 2016.

Sincerely,

A handwritten signature in cursive script that reads "John H. Albin".

John H. Albin, Commissioner

Department of Labor

P.O. Box 94600
550 S. 16th Street
Lincoln, Nebraska 68509-4600

OFFICE 402-471-9000

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Unemployment Insurance Program

ANNUAL REPORT

Department of Labor

2016

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Overview

The Nebraska Unemployment Insurance (UI) program was created to provide a temporary partial wage replacement to workers unemployed through no fault of their own. The UI program is a federal-state partnership based upon the implementation of the Social Security Act of 1935. The federal government sets broad overall policy for administration of the program and provides money to the states for the proper and efficient administration of the state unemployment programs. The United States Department of Labor (USDOL) monitors state performance and compliance and holds and invests all money in the Unemployment Trust Fund until drawn down by states for the payment of benefits.

The Nebraska Employment Security Law (NESL) sets forth benefit eligibility requirements for workers and the tax structure applicable to subject employers. The State directly administers the unemployment program, takes claims from unemployed workers, determines eligibility, insures timely payment of benefits, determines employer liability, and assesses and collects combined tax payments.

In the federal fiscal year (FFY) ending on September 30, 2016, the State of Nebraska paid \$79,175,982 in regular and reimbursable unemployment benefits. The amount of benefits paid continued to decline as the state moved beyond the effects of the Great Recession.

UI Benefits Paid

FFY	Regular	Payments in Lieu of Contributions	Total
2010	\$199,523,221	\$13,491,823	\$213,015,044
2011	\$170,684,755	\$13,240,292	\$183,925,047
2012	\$134,346,453	\$12,419,105	\$146,765,558
2013	\$113,327,591	\$9,733,507	\$123,061,098
2014	\$98,469,109	\$7,684,522	\$106,153,631
2015	\$86,550,512	\$6,373,893	\$92,924,405
2016	\$74,841,678	\$4,334,304	\$79,175,982

Benefits

Nearly all wage and salary workers are covered by the UI program. Railroad workers are covered by a separate federal UI program. Ex-service members with recent service in the Armed Forces and civilian federal employees are covered by a federal UI program, with states paying benefits from federal funds as agents of the federal government.

UI Claims FFY 2016

Initial Claims Filed	52,817
Initial Claims Receiving the First Payment	19,606
Continued Weeks Filed	304,057
Continued Weeks Paid	235,945

UI Monthly Claims

Month	Initial Claims	Max. Weekly Benefit Amount	Avg. Weekly Benefit Amount
2015	Oct	\$380	\$301
	Nov	\$380	\$301
	Dec	\$380	\$306
2016	Jan	\$392	\$312
	Feb	\$392	\$315
	Mar	\$392	\$313
	Apr	\$392	\$312
	May	\$392	\$312
	Jun	\$392	\$295
	Jul	\$392	\$294
	Aug	\$392	\$300
	Sep	\$392	\$319

The average weekly benefit amount ranged from a low of \$294 in July 2016 to a high of \$319 in September 2016.

The number of initial claims ranged from a low of 2,613 in September of 2016 to a high of 8,395 in December of 2015.

Tax

Unemployment insurance (UI) taxes are assessed by the State of Nebraska upon wages earned in employment. The state "combined tax" is comprised of contributions which are deposited to the federal Unemployment Trust Fund and a state unemployment insurance tax which is deposited to the State Unemployment Insurance Trust Fund. The federal government collects a separate federal unemployment tax pursuant to the Federal Unemployment Tax Act (FUTA). Tax rates are established for the calendar year.

The 2017 UI combined tax rates have dropped from the 2016 UI combined tax rates. Category 1 will continue to have a tax rate of 0.00%, Category 12 will drop to 0.75%, and Category 20 will continue at 5.40%. The 2017 taxable wage base is \$9,000 per employee per year.

Historical (CY 2010 - 2016) Combined Tax Rates

Category	2010	2011	2012	2013	2014	2015	2016
1	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2	0.83%	0.83%	0.62%	0.42%	0.35%	0.29%	0.25%
3	1.33%	1.33%	1.00%	0.67%	0.56%	0.47%	0.40%
4	1.50%	1.50%	1.12%	0.76%	0.62%	0.53%	0.45%
5	1.67%	1.67%	1.25%	0.84%	0.69%	0.58%	0.50%
6	2.00%	2.00%	1.50%	1.01%	0.83%	0.70%	0.60%
7	2.17%	2.16%	1.62%	1.09%	0.90%	0.76%	0.65%
8	2.33%	2.33%	1.75%	1.18%	0.97%	0.82%	0.70%
9	2.67%	2.66%	2.00%	1.35%	1.11%	0.93%	0.80%
10	3.00%	3.00%	2.25%	1.52%	1.25%	1.05%	0.90%
11	3.17%	3.16%	2.37%	1.60%	1.32%	1.11%	0.95%
12	3.33%	3.33%	2.49%	1.68%	1.39%	1.17%	1.00%
13	3.50%	3.50%	2.62%	1.77%	1.46%	1.23%	1.05%
14	3.67%	3.66%	2.74%	1.85%	1.53%	1.28%	1.10%
15	4.00%	4.00%	2.99%	2.02%	1.67%	1.40%	1.20%
16	4.50%	4.50%	3.37%	2.27%	1.87%	1.58%	1.35%
17	5.16%	5.16%	3.87%	2.61%	2.15%	1.81%	1.55%
18	6.00%	5.99%	4.49%	3.03%	2.50%	2.10%	1.80%
19	7.16%	7.16%	5.36%	3.62%	2.98%	2.51%	2.15%
20	8.66%	8.66%	6.49%	5.40%	5.40%	5.40%	5.40%

Historical (CY 2010 - 2016) Combined Tax Rates - New Employers

Category	2010	2011	2012	2013	2014	2015	2016
Non-construction	2.50%	2.50%	2.49%	1.68%	1.39%	1.25%	1.25%
Construction	8.66%	8.66%	6.49%	5.40%	5.40%	5.40%	5.40%

Contributions from Employers to Unemployment Trust Fund

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Combined tax	\$184,464,370.83	\$214,313,645.92	\$180,832,150.79	\$128,357,876.37	\$110,991,856.44	\$100,444,301.42	\$94,030,101.76
Payments in lieu of contributions	\$12,397,969.57	\$12,116,879.36	\$15,409,832.95	\$10,408,073.57	\$9,296,119.16	\$6,654,051.78	\$4,853,263.53

Trust Fund

FFY 2010 - 2016 Combined UTF and SUIB Balances

	2010	2011	2012	2013	2014	2015	2016
UTF Available for Benefits	\$212,826,908	\$260,007,280	\$319,773,037	\$356,089,528	\$351,594,772	\$388,852,371	\$417,589,713
SUIT Balance	\$46,889,720	\$51,082,869	\$49,228,949	\$51,614,189	\$50,124,392	\$56,667,033	\$60,250,459
Total Funds Available to Pay Benefits	\$259,716,628	\$311,090,149	\$369,001,987	\$407,703,717	\$401,719,164	\$445,519,405	\$477,840,172
State Reserve Ratio	0.810%	0.934%	1.075%	1.139%	1.086%	1.145%	1.180%

State statute provides that the combined Nebraska Unemployment Trust Fund (UTF) and State Unemployment Insurance Trust (SUIT) balances should be between 0.85% and 1.00% of all wages paid in covered employment. The combined balance of the UTF and SUIT balances exceeded the target level at the conclusion of FFY 2016, leading to the automatic reduction in the 2017 unemployment tax rates.

The UTF is established within the federal treasury as a reserve to pay liability against future benefits. The SUIT Fund is a state account reserved for the payment of unemployment benefits if needed.

UTF Balance		SUIT Fund Balance	
9/30/2010	\$232,124,037	9/30/2010	\$46,889,720
9/30/2011	\$276,140,022	9/30/2011	\$51,082,869
9/30/2012	\$333,940,398	9/30/2012	\$49,228,949
9/30/2013	\$364,492,935	9/30/2013	\$51,614,189
9/30/2014	\$385,056,723	9/30/2014	\$50,124,392
9/30/2015	\$392,393,375	9/30/2015	\$56,667,033
9/30/2016	\$419,015,436	9/30/2016	\$60,250,459

Recommendations for Legislation

Because of the continued solvency of the Nebraska unemployment program, no significant changes to the Nebraska Employment Security Law are required at this time.



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individuals with disabilities.